

109TH CONGRESS
1ST SESSION

S. 1528

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of horses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 28, 2005

Mr. McCONNELL (for himself, Mrs. LINCOLN, and Mr. BUNNING) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of horses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Equine Equity Act
5 of 2005”.

6 **SEC. 2. 3-YEAR DEPRECIATION FOR ALL RACE HORSES.**

7 (a) IN GENERAL.—Clause (i) of section 168(e)(3)(A)
8 of the Internal Revenue Code of 1986 (defining 3-year
9 property) is amended to read as follows:

10 “(i) any race horse,”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to property placed in service on
 3 or after the date of the enactment of this Act.

4 **SEC. 3. REDUCTION OF HOLDING PERIOD TO 12 MONTHS**
 5 **FOR PURPOSES OF DETERMINING WHETHER**
 6 **HORSES ARE SECTION 1231 ASSETS.**

7 (a) IN GENERAL.—Subparagraph (A) of section
 8 1231(b)(3) of the Internal Revenue Code of 1986 (relating
 9 to definition of property used in the trade or business)
 10 is amended by striking “and horses”.

11 (b) EFFECTIVE DATE.—The amendment made by
 12 this section shall apply to taxable years beginning after
 13 December 31, 2005.

14 **SEC. 4. LIVESTOCK ASSISTANCE.**

15 (a) IN GENERAL.—In carrying out a livestock assist-
 16 ance, compensation, or feed program, the Secretary of Ag-
 17 riculture shall include horses within the definition of “live-
 18 stock” covered by the program.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 602(2) of the Agricultural Act of
 21 1949 (7 U.S.C. 1471(2)) is amended—

22 (A) by inserting “horses,” after “bison,”;
 23 and

24 (B) by striking “equine animals used for
 25 food or in the production of food,”.

1 (2) Section 806 of the Agriculture, Rural De-
 2 velopment, Food and Drug Administration, and Re-
 3 lated Agencies Appropriations Act, 2001 (Public
 4 Law 106–387; 114 Stat. 1549A–51) is amended by
 5 inserting “(including losses to elk, reindeer, bison,
 6 and horses)” after “livestock losses”.

7 (3) Section 10104(a) of the Farm Security and
 8 Rural Investment Act of 2002 (7 U.S.C. 1472(a)) is
 9 amended by striking “and bison” and inserting
 10 “bison, and horses”.

11 (4) Section 203(d)(2) of the Agricultural As-
 12 sistance Act of 2003 (Public Law 108–7; 117 Stat.
 13 541) is amended by striking “and bison” and insert-
 14 ing “bison, and horses”.

15 (c) APPLICABILITY.—

16 (1) IN GENERAL.—This section and the amend-
 17 ments made by this section apply to losses resulting
 18 from a disaster that occurs on or after the date of
 19 enactment of this Act.

20 (2) PRIOR LOSSES.—This section and the
 21 amendments made by this section do not apply to
 22 losses resulting from a disaster that occurred before
 23 the date of enactment of this Act.

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